

Milk Or Profit: A Case Study



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Rolling herd average or milk production per cow are numbers commonly referred to when discussing the success of a dairy farm. Milk production is an easy number to identify but the actual profitability of an operation is a much more complex topic. A dairy

herd's income is simple to see by reading the milk check. Determining the real profit of the herd cannot be so easily evaluated as it takes time to assess the expenses involved in making the milk and running the operation.

Income-Expense=Profit

The goal of a properly executed nutrition program factors in all aspects of making milk. Feed costs, vet bills, death loss, cull rates, breeding statistics and the ability to supply replacement animals are just a few factors that need to be taken into consideration when discussing the true profitability of a farm. At Crystal Creek®, we know that cows need to produce milk for the farm to make money, but when the money being spent to make that milk begins to outweigh the money coming in, profitability is lost. Crystal Creek® focuses on increasing client profitability, not just milk production. Farmers with high producing herds often boast about their pounds of milk per cow while many times choosing to downplay other problem areas that are bleeding profit away from their operation.

When Crystal Creek® works with a farmer, we use a herd review to evaluate profitability and progress. An annual herd review showing data trends helps remove the emotional aspect about the direction the herd is moving. This year, Crystal Creek® conducted a herd review for a farm that produced slightly less milk, but made more money, than the year prior when they were on an alternative nutrition program. This herd is a classic example of illustrating the point that more milk does not always equate to increased profit.

The herd in review is located in Wisconsin and milks approximately 60 Holstein and Holstein cross cows. This herd started with Crystal Creek® in November of 2017. The data collected up until February of 2019, has been put into graphs and charts to illustrate milk production, component values and ration costs.

Milk production remained consistent with the Crystal Creek® nutrition program compared to the previous nutrition program with the exception of July, August, September, and October 2018. This period accounted for the decreased overall yearly production, yet annual profit was still increased. Feed costs were significantly less by relying heavily on home grown forages and removing unnecessary ingredients. When a diet increases the amount of quality, home grown forages, the cow's milk components generally respond positively as seen in Figure 2. This increase in components is a visual, tangible measurement of rumen function and fiber utilization. Even with the slight decrease

Figure 1 AVERAGE MILK PRODUCTION (DHIA)

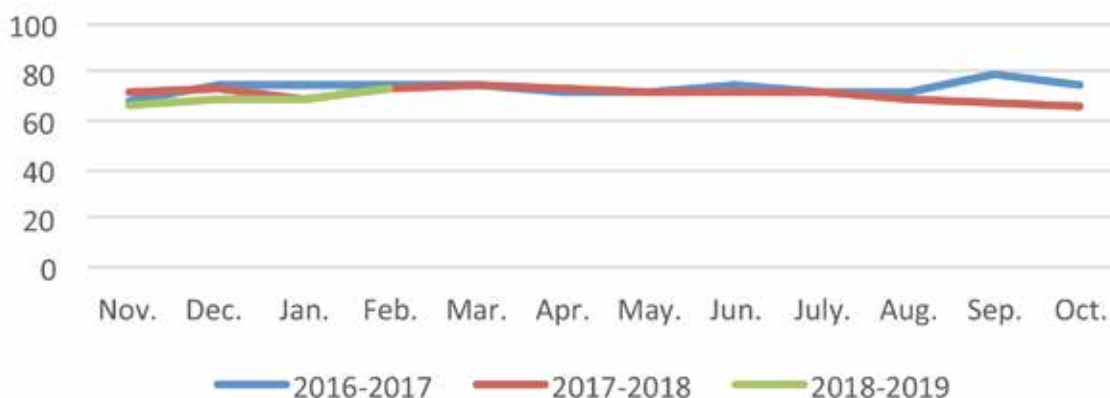


Figure 2 BUTTER FAT PERCENTAGE (DHIA)

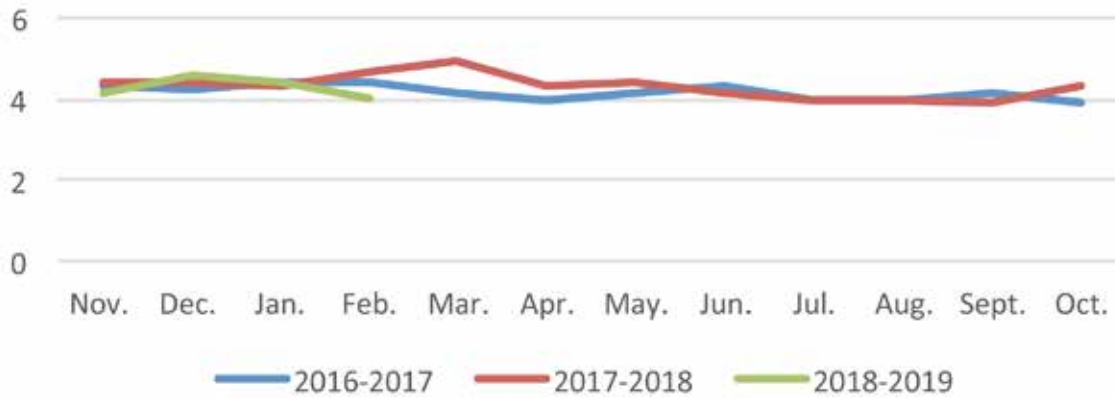
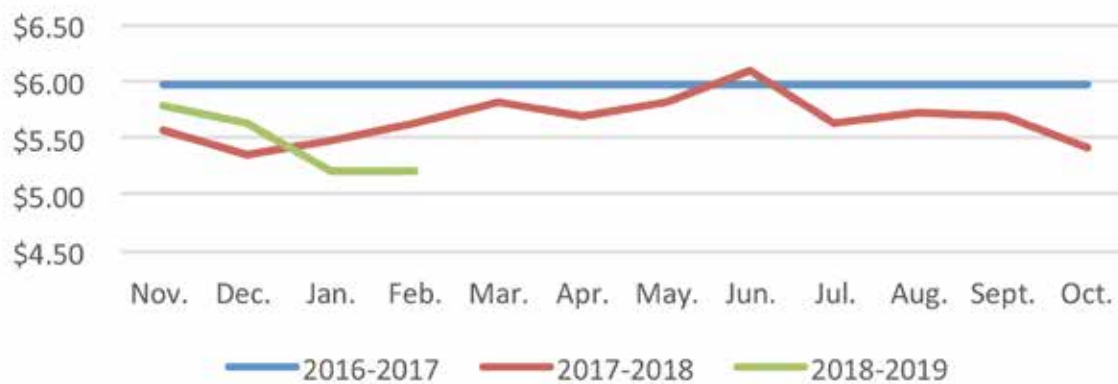


Figure 3 TOTAL RATION COST PER HEAD PER DAY



in production, the improved components and decreased feed cost led to increased overall herd profit. A herd’s overall profit should be focused on more in the industry rather than production numbers, as a herd’s real value is based on its ability to generate a profit.

Increased Opportunities

Looking at this review gave proof of the efficacy of the Crystal Creek® Dairy Nutrition Model. Dedicated time to discuss these values during a herd review allowed the opportunity to identify areas where changes could be made to maximize the herd’s full potential. The information represented in this article shows a visualization of three areas: milk production, milk components, and ration costs.

Crystal Creek® herd reviews also consider vet bills, breeding statistics, cull rates and much more in order to make solid recommendations to positively influence a herd’s nutrition program and complete performance.

At Crystal Creek® we work diligently to build relationships with farmers and establish clear lines of communication. The trust and communication we have established with this farmer is evident by the success demonstrated in the various graphs. Increased production does not necessarily equal profit. Looking at annual herd reviews that take all aspects of a farm’s progress into account can be an extremely powerful tool for auditing profitability and exploring areas of opportunity. To learn more about Crystal Creek’s passion for helping our clients call 1-888-376-6777.